

Congress of the United States

Washington, DC 20515

October 6, 2011

1393

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Chairman Genachowski:

In your speech today, you stated that the Federal Communications Commission (FCC) has started the process of modernizing and streamlining the Universal Service Fund (USF), and we commend the FCC on its efforts and good intentions. For too long, the USF has been operating in an inefficient manner and reform is long overdue. As we move forward with increasing the efficiency of USF, it is imperative that we provide mechanisms to ensure fiscal responsibility. Every dollar of USF support ultimately comes from consumers, and we do not support the current reality of consumers paying into a broken system.

There are a number of ways for the Commission to inject fiscal responsibility into the USF program. First, the Commission should set an annual spending cap of \$4.5 billion for high-cost support. According to the Universal Service Administrative Company, the high-cost program has disbursed over \$43 billion since 1998, which averages out to be around \$3.6 billion a year. To stabilize the size of the fund, this cap should apply USF disbursements to all eligible carriers, including smaller rate-of-return companies as well as the larger carriers. The availability of up to \$4.5 billion per year, appropriately targeted to high-cost areas, will provide sufficient funding to support broadband deployment.

Second, subsidies in areas served by unsubsidized providers should be eliminated. The FCC reported that over \$100 million from the USF was being given to areas with unsubsidized providers, and we do not support this practice. The purpose of the USF is to provide service to unserved and underserved areas, and it is imperative that the FCC remains in line about this goal.

Finally, high-cost support should be determined through the use of technology-neutral market-based mechanisms (e.g., competitive bidding or reverse auctions). Using these mechanisms will identify the most efficient provider and create a truly competitive marketplace. When telephone carriers, cable operators, wireless providers, and satellite companies compete, the consumer wins.

We appreciate your efforts and those of numerous stakeholders to devise reform plans to transform the USF program for the broadband era. As the Commission considers these and other proposals, we urge you to make fiscal responsibility a key objective. Any USF reform plan that the FCC adopts should include mechanisms to impose budget discipline on high-cost support.

Joe Barton

Marsha Blackburn

Leonard Lance

Mue Stephens

Art Caggs

Sue Myrick

Bill Fennell

Phil Gingery GA-11

Chris Smith

Lynn A. Westcott

Judy Biggs

John

Sam

J. Radtke



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Joe Barton
U.S. House of Representatives
2109 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Barton:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

On October 27, after many years of hard work on Capitol Hill, among the FCC's Commissioners, and by Commission staff, the Commission unanimously adopted a comprehensive Order overhauling the broken and backward-looking USF and ICC systems for the Internet age. By transitioning these programs to the Connect America Fund, we are delivering on our shared national goal of universal voice and broadband service – including universal mobile voice and broadband service – and enabling increased private sector investment in the indispensable infrastructure of the 21st century: broadband. Importantly, our reforms are fiscally responsible, eliminating waste and inefficiency, using market-based mechanisms to target support where it is needed, and putting the Fund on a firm budget.

The Commission's Order will create jobs beginning in 2012, and lay the foundation for enduring job creation, economic growth, and U.S. global competitiveness for years to come.

For your information, I am enclosing a copy of the Order's "Executive Summary." Please let me know if I can be of any further assistance.

Sincerely,

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Julius Genachowski

Enclosure



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Judy Biggert
U.S. House of Representatives
2113 Rayburn House Office Building
Washington, D.C. 20515

Dear Congresswoman Biggert:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

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Julius Genachowski

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FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Marsha Blackburn
U.S. House of Representatives
217 Cannon House Office Building
Washington, D.C. 20515

Dear Congresswoman Blackburn:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

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Julius Genachowski

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FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Michael Burgess
U.S. House of Representatives
2241 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Burgess:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

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Julius Genachowski

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FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Michael G. Fitzpatrick
U.S. House of Representatives
1224 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Fitzpatrick:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

On October 27, after many years of hard work on Capitol Hill, among the FCC's Commissioners, and by Commission staff, the Commission unanimously adopted a comprehensive Order overhauling the broken and backward-looking USF and ICC systems for the Internet age. By transitioning these programs to the Connect America Fund, we are delivering on our shared national goal of universal voice and broadband service – including universal mobile voice and broadband service – and enabling increased private sector investment in the indispensable infrastructure of the 21st century: broadband. Importantly, our reforms are fiscally responsible, eliminating waste and inefficiency, using market-based mechanisms to target support where it is needed, and putting the Fund on a firm budget.

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Julius Genachowski

Enclosure



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Bill Flores
U.S. House of Representatives
1505 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Flores:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

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Julius Genachowski

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FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable J. Randy Forbes
U.S. House of Representatives
2438 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Forbes:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

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FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Phil Gingrey
U.S. House of Representatives
442 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Gingrey:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

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JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Leonard Lance
U.S. House of Representatives
426 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Lance:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

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JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable James Lankford
U.S. House of Representatives
509 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Lankford:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

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JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Sue Myrick
U.S. House of Representatives
230 Cannon House Office Building
Washington, D.C. 20515

Dear Congresswoman Myrick:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

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FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Christopher H. Smith
U.S. House of Representatives
2373 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Smith:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

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FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable John Sullivan
U.S. House of Representatives
434 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Sullivan:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

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FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Lynn A. Westmoreland
U.S. House of Representatives
2433 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Westmoreland:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

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